

## 15. Progress in Off-Balancing of Problem Assets &lt;SMBC Non-consolidated&gt;

&lt;Progress in the six months ended Sep. 30, 2005&gt;

(Billions of yen)

	Mar. 31, 2005	Change in the six months ended Sep. 30, 2005	Problem assets newly classified during the six months ended Sep. 30, 2005	Amount of off-balancing	Sep. 30, 2005
Bankrupt and quasi-bankrupt assets	448.3	(146.6)	38.7	(185.3)	301.7
Doubtful assets	924.4	(200.6)	276.4	(477.0)	723.8
Total	1,372.7	(347.2)	*1 315.1	(662.3)	1,025.5
Result of measures connected to off-balancing*2	202.1				197.1

Breakdown of off-balancing by factor*3	Disposition by borrowers' liquidation	(18.6)
	Reconstructive disposition --- (a)	(237.1)
	Improvement in debtors' performance due to (a)	(25.6)
	Loan sales to market	(248.3)
	Direct write-offs	105.3
	Others	(238.0)
	Collection/repayment, etc.	(207.6)
	Improvement in debtors' performance	(30.4)
Total		(662.3)

&lt;Progress in the six months ended Mar. 31, 2006&gt;

(Billions of yen)

	Sep. 30, 2005	Change in the six months ended Mar. 31, 2006	Problem assets newly classified during the six months ended Mar. 31, 2006	Amount of off-balancing	Mar. 31, 2006
Bankrupt and quasi-bankrupt assets	301.7	(137.2)	31.8	(169.0)	164.5
Doubtful assets	723.8	(250.4)	205.4	(455.8)	473.4
Total	1,025.5	(387.6)	237.2	*1 (624.8)	637.9
Result of measures connected to off-balancing*2	197.1				112.9

Breakdown of off-balancing by factor*3	Disposition by borrowers' liquidation	(56.4)
	Reconstructive disposition --- (a)	(278.7)
	Improvement in debtors' performance due to (a)	(2.5)
	Loan sales to market	(482.8)
	Direct write-offs	532.5
	Others	(336.9)
	Collection/repayment, etc.	(210.6)
	Improvement in debtors' performance	(126.3)
Total		(624.8)

(\*1) The amount of Problem assets newly classified during the six months ended Sep. 30, 2005 and off-balanced in the six months ended Mar. 31, 2006 was JPY 231.4 billion. The amount is respectively recorded in each period.

(\*2) The measures connected to off-balancing are legal reorganizations, measures associated with legal reorganizations, corporate splits to good companies and bad companies, partial direct write-offs of retail exposure to individuals and small- and medium-sized enterprises, and trusts to RCC for the purpose of revitalization which is scheduled to be off-balanced before the maturity.

(\*3) 1. "Disposition by borrowers' liquidation" refers to abandonment or write-off of loans involved in bankruptcy liquidation proceedings (bankruptcy or special liquidations).

2. "Reconstructive disposition" refers to abandonment of loans involved in rehabilitative bankruptcy proceedings (corporate reorganization, civil rehabilitation, composition and arrangement), debt forgiveness involved in special mediation or other types of civil mediation, or debt forgiveness for restructuring involved in private reorganization.